

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



CMSO, FCHPG, Division of Integrated Health Systems

December 20, 2002

Patrick Finnerty
Director
Department of Medical Assistance Services
Suite 1300
600 East Broad Street
Richmond, VA 23219

Dear Mr. Finnerty:

I am pleased to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving Virginia's request for a 2-year extension of Medallion II, the managed care program authorized under section 1915(b)(1) of the Social Security Act (the Act). This approval is for the period December 26, 2002, through December 25, 2004, and provides for waivers of the following sections of the Act: 1902(a)(1) statewideness; 1902(a)(10)(B) comparability of services; and 1902(a)(23) freedom of choice.

The decision to approve this request is based on evidence submitted to CMS showing that the State's waiver program is consistent with the purposes of the Medicaid program, has met the currently applicable statutory and regulatory requirements for access to care and quality of services, and has been and will continue to be a cost-effective means of providing medical/surgical services to Virginia's Medicaid beneficiaries.

This approval is contingent on the State submitting any necessary modifications no later than May 13, 2003, to ensure compliance with all new regulatory requirements before August 13, 2003.

At this time the State is not required to arrange for an independent assessment but will continue to be responsible for documenting cost-effectiveness, access, and quality factors in subsequent renewal requests. Virginia may request that this authority be renewed and should submit its request for renewal 90 to 120 days in advance of the expiration date. I wish you success in the continued operation of the Medallion II waiver program.

Sincerely,

/s/

Mike Fiore
Director

Cc: A. Hrinkevich, Philadelphia RO